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## CBO STUDY ON INFRASTRUCTURE

A Congressional Budget Office study--*New Directions for the Nation's Public Works*--examines 17 ways federal policymakers can address pressing national infrastructure concerns. The study was undertaken at the request of the Senate Budget Committee and in response to Public Law 98-501, which requires CBO to review the findings of the National Council on Public Works Improvement.

Inadequacies in the nation's basic facilities continue to be evident in burgeoning repair bills, mounting transportation delays, shortfalls from clean water standards, and escalating transit subsidies. At the same time, the deregulation of interstate transportation and the achievement of certain goals have placed new demands on infrastructure. Moreover, the setting for the policy debate has been altered by such factors as the development of airline hubs, the imminent completion of the Interstate highway system, and the establishment of public transit agencies and wastewater treatment plants in many cities.

The CBO study examines five major infrastructure areas that receive federal assistance--highways, mass transit systems, aviation, ports and inland waterways, and wastewater treatment plants. Federal policy in these areas was originally based on a national vision of economic and social growth that required a combined federal, state, and local effort. As a result, state and local planning agencies have been established in all sectors of the infrastructure, and these agencies now face the challenge of switching their primary focus from construction to management.

CBO looks at four infrastructure strategies: better pricing, targeting aid, relying more on states and localities, and using broader aid categories. The first two strategies sponsor more cost-effective programs; the second two attempt to make programs respond to local needs. Better pricing could reduce delays and improve competition in both air and barge transportation; attaching conditions could target aid to projects with the highest benefits or to groups with the greatest needs, or it could be used to reward those meeting federal standards.

Targeting aid could also be achieved by better planning at federal agencies, or perhaps by a new agency to screen investment proposals. Greater local roles in highways, transit, waterways, and wastewater treatment may be possible in the 1990s. More broadly based federal aid could involve block grants, trade-ins among programs, federal capital for state revolving funds, or federal subsidies for state and local borrowing.

Questions on the study should be directed to Michael Deich or Jenifer Wishart of CBO's Natural Resources and Commerce Division, at 226-2951. The Office of Intergovernmental Relations is CBO's Congressional liaison office and can be reached at 226-2600. For additional copies of the report, please call the Publications Office at 226-2809.



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